

The City Council and staff are starting to prepare the City's 2010 budget. At its simplest, the budget is always a matter of balancing spending with the desire and ability to pay for it.

Some budgetary decisions are one-time acts. A construction project may be a one-time expense. Drawing down reserve funds or selling property may provide a one-time source of revenue. Or delaying a capital project would be a one-time decision since (assuming it necessary) it cannot be delayed forever.

Other budgetary decisions are structural, meaning they are on-going. These are extra important because their long-term nature will affect several years of budgets. An expected level of service or a multi-year contract are expenses beyond the current year. Energy conservation saves money this year and the next and the next.

With the economic recession, Evansville is facing at least specific three hits of a structural nature. Being structural, these will affect the City beyond just this year's budget. One, in dealing with its own fiscal difficulties, the State of Wisconsin reduced the amount of shared revenues it will provide to municipalities. Two, interest earnings on the City's investments has absolutely tanked, meaning another significant reduction in revenue. Three, most City employees are covered by union contracts; these contracts cover several years and guarantee certain wages and benefits to our employees. The cost of health insurance continues to increase every year.

Such reductions in revenue combined with increased expenses would make any budget difficult. But this is going to be a very tight budget this year as a number of other factors will weigh in the City's budget decisions. For several years, the City has been able to rely on increased tax base—due to new construction and due to appreciating values—to raise the property tax levy and simultaneously enjoy a drop in the tax rate. The recession's impact on construction and property value all but eliminates this option.

Additionally, the necessary improvement of the City's wastewater treatment facility will result in sizable increases to user rates. Evansville's rates are reasonable when compared to those of other cities, but it will still mean an added expense for our residents and businesses. In this weak economy, additional user charges will dampen the City's ability to afford greater property taxes.

The budget solution will undoubtedly be a mix of one-time and structural changes. And there will need to be a balancing of economic, social, political and safety factors in determining the City's priorities. In its deliberations on this tight budget, the City Council will inevitably be faced with three questions.

What could the City do to streamline or make City services more efficient? To be fair, we do have good and dedicated employees, but there are certainly ways to do better. What services should the City consider reducing or eliminating? However the priorities are set, service cuts will be felt. What services should be paid through user fees or charges? Where the use of City services can be readily identified, expenses and revenues should be aligned.

Saying the budget will be very tight—and even painful—may be a shocking dose of reality. But I am optimistic that it will also prove manageable.

An additional question: How can we engage City residents and businesses in the budget deliberations? Evansville has creative and intelligent people. A special City email account has been set up to receive budget suggestions from our residents and businesses. Please send your suggestions to budget@ci.evansville.wi.gov.